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OPEN MEETING ITEM

MEMORANDUM RECEIVED

41a ORIGINAL u-30



2001 AUG 15 P 4:28

TO: THE COMMISSION

FROM: Steven M. Olea
Acting Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: August 15, 2001

RE: IN THE MATTER OF FORT MOJAVE TRIBAL UTILITIES AUTHORITY FILING
FOR A LATE PAYMENT FEE (DOCKET NO. W-02524A-01-0641)

On August 6, 2001, the Fort Mojave Tribal Utilities Authority ("Company") filed an application requesting a new tariff to allow for the assessment of a late payment charge of \$20 per month of customers having unpaid water bills. The Company's current tariffs were authorized in Decision No. 56512, dated June 9, 1989. However, in that Decision no provision was made for a late payment charge.

The Company's application indicates that approximately 37 percent of its customer accounts (401 of its 1,088 customers) were delinquent in its last monthly billing cycle. This is representative of a typical month. The Company currently has approximately \$82,000 in unpaid balances. The typical average monthly bill is approximately \$42.00. If the proposed \$20 late payment charge was adopted, then a customer in arrears one month would face a 50 percent penalty. A customer might be undercharged if their account was delinquent for an extended period of time. The Company's proposed \$20 late payment charge is unreasonable.

Staff recommends the Company charge 1.5 percent of the unpaid balance each month. A charge at this level is more reasonable and would not impact the Company's rate of return, since the average monthly late payment charge should cover costs associated with assessing the charge. The 1.5 percent per month charge is also consistent with other late payment penalties recently approved by the Commission.

Arizona Corporation Commission

DOCKETED

AUG 15 2001


DOCKETED BY	<i>[Signature]</i>
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THE COMMISSION

August 15, 2001

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Therefore, Staff recommends that the Commission approve a late payment charge of 1.5 percent of the outstanding delinquent balance per month. Staff further recommends that the Company be ordered to file tariff pages consistent with the terms of this Order within 15 days from the effective date of the Commission's decision.



Steven M. Olea
Acting Director
Utilities Division

SMO:RDN:bsl/CCK

ORIGINATOR: Roger Nash

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL

Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

5
6 IN THE MATTER OF THE APPLICATION)
OF FORT MOJAVE TRIBAL UTILITIES)
7 AUTHORITY FILING FOR A LATE PAYMENT)
CHARGE)
8 _____)

DOCKET NO. W-02524A-01-0641

DECISION NO. _____

ORDER

9 Open Meeting
August 28 and 29, 2001
10 Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

13 1. On August 6, 2001, the Fort Mojave Tribal Utilities Authority ("Company") filed
14 an application requesting a new tariff to allow for the assessment of a late payment charge of \$20
15 per month to all delinquent accounts.

16 2. Decision No 56512, dated June 9, 1989, authorized the Company's current service
17 charges tariff.

18 3. The authorized tariff made no provision for the assessment of a late payment
19 charge.

20 4. The Company has informed Staff that approximately 37 percent of its customer
21 accounts (401 of its 1,088) are typically delinquent.

22 5. The Company has indicated that the typical monthly water bill is approximately
23 \$42.

24 6. Staff recommends that the Company be allowed to assess a late payment charge of
25 1.5 percent per month of the unpaid monthly balance. A charge at this level is reasonable and
26 would not impact the Company's rate of return, since the average monthly late payment charge
27 would cover costs associated with assessing the penalty.

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1 7. The late payment charge will be a function of both the outstanding delinquent
2 balance as well as the length of time the account it overdue.

3 8. The 1.5 percent per month charge is consistent with other late payment penalties
4 approved by the Commission.

5 9. Staff has recommended approval of the filing.

6 10. Staff has further recommended that the Company file tariff pages consistent with
7 this Order within 15 days of the effective date of this decision.

8 CONCLUSIONS OF LAW

9 1. The Fort Mojave Tribal Utilities Authority is a public service corporation within the
10 meaning of Article XV, Section 2, of the Arizona Constitution.

11 2. The Commission has jurisdiction over Fort Mojave Tribal Utilities Authority and
12 over the subject matter of the Application.

13 3. Approval of the late payment charge does not constitute a rate increase as
14 contemplated by A.R.S. Section 40-250.

15 4. The Commission having reviewed the tariff and Staff's Memorandum dated August
16 15, 2001, concludes that Staff's recommendation is reasonable and should be adopted.

17 ORDER

18 IT IS THEREFORE ORDERED that the late payment charge of 1.5 percent per month
19 described above be and hereby is approved.

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1 IT IS FURTHER ORDERED that the Fort Mojave Tribal Utilities Authority shall file
2 tariff pages consistent with the terms of this Order within 15 days from the effective date of this
3 decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5
6 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

7
8 CHAIRMAN

COMMISSIONER

COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
10 Executive Secretary of the Arizona Corporation
11 Commission, have hereunto, set my hand and caused the
12 official seal of this Commission to be affixed at the Capitol,
13 in the City of Phoenix, this ____ day of _____, 2001.

14 BRIAN C. McNEIL
15 Executive Secretary

16
17 DISSENT: _____

18 SMO:RDN:bsl/CCK
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1 SERVICE LIST FOR: Fort Mojave Tribal Utilities Authority
2 DOCKET NO. W-02524A-01-0641

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4 Director
5 Fort Mojave Tribal Utilities Authority
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